



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2005 Senate Bill 190

Senate Substitute Amendment 1

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Under *current law*, Wisconsin taxes 50% of certain Social Security benefits and the federal government taxes 85% of Social Security benefits, once the recipient's income reaches \$34,000 for a single person and \$44,000 for a married couple filing jointly.

2005 Senate Bill 190 creates a nonrefundable individual income tax credit for the amount of Social Security benefits that are subject to taxation. The credit is phased in over five years, beginning in 2006. The credit is equal to the claimant's taxable Social Security benefits, multiplied by the person's marginal tax rate, then multiplied by 20% in 2006, 40% in 2007, 60% in 2008, 80% in 2009, and 100% in 2010 and thereafter.

Senate Substitute Amendment 1 phases-in an increase in the exempt amount of Social Security benefits, beginning in 2006. The phase-in takes place over a five-year period, with approximately 0% of benefits exempt in 2006, 70% in 2007, 80% in 2008, 90% in 2009, and 100% in 2010 and thereafter.

Legislative History

The Senate Committee on Job Creation, Economic Development and Consumer Affairs held a public hearing on the bill on May 19, 2005. On May 27, 2005, the committee took executive action on the bill, and recommended adoption of Senate Substitute Amendment 1 by a vote of Ayes, 4; Noes, 1; and recommended passage of the bill, as amended, by a vote of Ayes, 5; Noes, 0.

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